

1.0 Public Service Commission

Summary

The primary responsibility of the Commission is to ensure safe, reliable and adequate utility service. It conducts hearings and investigations of utility company operations in order to determine just and reasonable rates for service. The Commission's goals for regulation are efficient reliable, reasonably-priced utility service for customers, and maintenance of financially healthy utility companies. These goals are generally attained through the regulatory decisions the Commission makes in each formal case.

Funding for the operation of the Commission has remained stable for the last few years. No major adjustments have been made to the FY 1999 budget. Fees are collected by the Commission which are added to the General Fund. Year 2000 changes and computer upgrades are being done within the current budget limits.

Department Mission Statement

While managing the transition from regulation to competition, the Commission's goal is to ensure efficient, reliable, high quality, reasonably priced utility service, which, over the long-run meets consumer demand for types and qualities of service and maintains financially healthy utility companies.

Utah Tomorrow

The Public Service Commission has been involved with Utah Tomorrow since its inception. Benchmarks have been established in the areas of Free Enterprise and Regulatory Systems and Economic Development. The Public Service Commission contributes to the State business climate and the free enterprise opportunities for growth and expansion within the State.

Financial Summary

	FY 1999	FY 2000	FY 2000
Financing	Estimated	Analyst	Analyst
General Fund Restricted	\$1,355,800	\$1,356,800	\$1,000
Dedicated Credits	3,297,300	3,697,300	
Trust Funds	6,014,100	6,131,100	117,000
Beginning Nonlapsing	7,523,700	8,423,700	900,000
Closing Nonlapsing	(8,423,700)	(8,010,600)	413,100
Total	\$9,767,200	\$11,598,300	\$1,831,100
Programs			
Administration	\$1,330,700	\$1,381,700	\$51,000
Research and Analysis	60,000	60,000	
Building Rent	26,300	26,300	
Hearing Impaired	2,980,200	4,230,200	1,250,000
Univl Public Tele. Srvc Spt Fnd	5,370,000	5,500,100	130,100
Lifeline Telecommunications Service Fund		400,000	400,000
Total	\$9,767,200	\$11,598,300	\$1,831,100
Standard FTE	16.00	16.00	
Expansion FTE			

2.0 Budget Highlights: Public Service Commission**2.1 No Significant Budget Change**

There is no significant change to the budget for the Public Service Commission. Upgrading technology and adjusting for the Year 2000 are being done within currently appropriate budget limits.

2.2 Deregulation of the Electric Industry

The Public Service Commission is closely studying the issues related to the deregulation of the electric industry. The Utah Legislative Task Force has recommended another year of study and examining the options. This issue themselves do not have a significant fiscal impact directly on the Commission budget, but the final decisions may affect the Commission's work load and have major ramifications for all citizens of the State.

2.3 Nonlapsing Balances

The Public Service Commission carries-over a substantial sum of money in nonlapsing balances. These balances are primarily in trust fund accounts that cannot be used for any purpose other than that for which it is established. Nonlapsing funding for the Speech and Hearing Impaired will be used in the next two years for a major overhaul of the Utah Relay Service System. The Commission has a pending request-for-proposal (RFP), the results of which will increase the expenditures from the Speech and Hearing Impaired Fund.

2.4 Lifeline Telecommunications Service Fund

The Public Service Commission has separated out the Lifeline Telecommunications Service Fund from the Universal Public Telecommunications Service Support Fund. Funds have been collected for the last several years. Recent changes have affected more telephone companies. The individual telephone companies collect the money and send it to the Public Service Commission. This has increased revenue to the fund. The purpose of the fund is to assist low income individuals who qualify to have basic telephone service at a lower rate.

Systems Completion	
	FY 2000
One-Time Funding	Analyst
Dedicated Credit Revenue	\$400,000
Expenditures	
Other/Pass Thru	\$400,000
Total	\$400,000

3.1 Programs: Public Service Commission - Administration**Recommendation**

The Analyst recommends Administration funding of \$1,381,700. This includes \$1,329,500 General Fund, \$1,200 in Dedicated Credits, and \$50,000 Nonlapsing carryover from FY 1999. All Commission personal service costs are expended from this budget area. Operations of the Trust Funds and other activities are executed through this budget.

Financial Summary

	FY 1998	FY 1999	FY 2000	
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$1,284,600	\$1,329,500	\$1,330,500	\$1,000
Dedicated Credits	1,800	1,200	1,200	
Beginning Nonlapsing	50,000	50,000	50,000	
Closing Nonlapsing	(50,000)	(50,000)		50,000
Lapsing	(37,000)			
Total	\$1,249,400	\$1,330,700	\$1,381,700	\$51,000
% Change		6.5%	3.8%	
Expenditures				
Personal Services	\$1,073,800	\$1,158,500	\$1,218,500	\$60,000
Travel	21,000	21,000	21,000	
Current Expense	94,600	81,600	82,600	1,000
Data Processing	49,600	49,600	49,600	
DP Capital		10,000	10,000	
Capital Outlay	10,400	10,000		(10,000)
Other/Pass Through				
Total	\$1,249,400	\$1,330,700	\$1,381,700	\$51,000
% Change		6.5%	3.8%	
Standard FTE	16.00	16.00	16.00	
Enhancement FTE				

Summary

The Public Service Commission is a quasi-judicial body which regulates all privately owned electricity, natural gas, telecommunications, and water public utilities. The Commission works to insure that rates, terms, and conditions of utility service are “just and reasonable,” to meet the public interest defined by statute and case law. Recent changes in State and federal law recognize the influence of competition on these industries, which have been traditionally regulated monopolies. The transition from monopoly to competition must be done fairly to protect the public interest so that services remain good, reliable, and reasonably priced. Although many aspects of traditional regulation are still an important part of the Commission’s workload, the transition to competition is also very significant.

With the Division of Public Utilities (Department of Commerce), the Commission initiates investigations into situations where utilities may be in violation of the law or are not operating in the public interest.

The Public Service Commission anticipates a carry-over of \$50,000 for FY 2000. This will be used for an upgrade to the Department's technology systems.

Performance Measures

The Public Service Commission has reported a series of performance measures and tracking items. The following items are a partial listing to indicate Department activity.

Activity	FY 96	FY 97	FY 98	FY 99⁽¹⁾
Hearings ⁽²⁾	81	88 ⁽³⁾	91	100
Number of Dockets Considered	222	184	199	220
Orders Issued	395	267	254	260

⁽¹⁾ - Projected.

⁽²⁾ - Hearings related to water, electricity, telephone, motor carriers, and gas utilities.

⁽³⁾ - Motor carriers were deregulated starting in FY 1997.

3.2 Programs: Public Service Commission - Research and Analysis

Recommendation The Analyst recommends funding of \$60,000 Dedicated Credits. This is the same appropriation amount as FY 1999. Funding is collected from the Wexpro Company as a Dedicated Credit.

Financial Summary

	FY 1998	FY 1999	FY 2000	
Financing	Actual	Estimated	Analyst	Difference
Dedicated Credits	\$39,100	\$60,000	\$60,000	
Total	\$39,100	\$60,000	\$60,000	
% Change		53.5%		(100.0%)
Expenditures				
Current Expense	\$39,100	\$60,000	\$60,000	
Total	\$39,100	\$60,000	\$60,000	
% Change		53.5%		

Summary The funds collected and distributed are part of the Wexpro Agreement. The agreement between the State and Wexpro is to monitor the mineral extraction industries of the State. These funds are for accounting fees and contracted services of a hydrocarbon specialist in accordance with the agreement. When services have been provided, a bill is sent to Wexpro who then sends the funds to the Commission.

Performance Measures No performance measures have been reported for this area.

3.3 Programs: Public Service Commission - Building Rent

Recommendation The Analyst recommends funding of \$26,300. This continues the lease at the same rate as FY 1999. Funding is from the General Fund.

Financial Summary

	FY 1998	FY 1999	FY 2000	
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$26,200	\$26,300	\$26,300	
Total	\$26,200	\$26,300	\$26,300	
% Change		0.4%		
Expenditures				
Current Expense	\$26,200	\$26,300	\$26,300	
Total	\$26,200	\$26,300	\$26,300	
% Change		0.4%		

Summary The Public Service Commission is located at the Heber M. Wells Building off of Third South and First East in Salt Lake City. The building is owned and operated by the Division of Facilities and Construction Management (DFCM).

Performance Measures No performance measures reported for this area.

3.4 Programs: Public Service Commission - Speech and Hearing Impaired

Recommendation

The Analyst recommends funding of \$4,230,200. The recommendation is in anticipation of completing a pending request-for-proposal (RFP) which will increase expenditures from the fund. The Analyst estimates a higher closing balance at the end of FY 1999. Funds collected as Dedicated Credits are from a surcharge of \$.18 per month on each telephone line. Funds are deposited as nonlapsing Dedicated Credits in accordance with Utah Code Annotated 54-8b-10(5).

Financial Summary

	FY 1998	FY 1999	FY 2000	
Financing	Actual	Estimated	Analyst	Difference
Dedicated Credits	\$2,258,400	\$3,236,100	\$3,236,100	
Beginning Nonlapsing	2,106,900	2,993,100	3,249,000	255,900
Closing Nonlapsing	(2,993,100)	(3,249,000)	(2,254,900)	994,100
Total	\$1,372,200	\$2,980,200	\$4,230,200	\$1,250,000
% Change		117.2%	41.9%	
Expenditures				
Current Expense	\$1,372,200	\$2,980,200	\$4,230,200	\$1,250,000
Total	\$1,372,200	\$2,980,200	\$4,230,200	\$1,250,000
% Change		117.2%	41.9%	

Summary

The Utah Relay Service (URS) is operated by the Utah Association for the Deaf and provides telecommunication access twenty-four hours a day between hearing impaired persons using a telecommunication device (TDD) and hearing persons. The Utah Relay Service employs about thirty operators who type the messages of hearing persons and speak the typed messages of the deaf.

Current System

The Utah Relay Service has eighteen incoming lines, seven from the Salt Lake area, four from Utah Valley, two from Ogden, two from Logan and three WATS lines for other areas of the State. Deaf users must use a TDD system. These are loaned without charge to low-income individuals and are available for sale to others. All of the Utah Relay Service equipment is the property of the Public Service Commission, including the loaned TDDs.

Major System Overhaul Needed

The Utah Relay Service system is in need of a major overhaul. The facility located in Bountiful, Utah is presently outdated. System switches need to be upgraded and the physical facilities need to be expanded. Funds collected and carried over from the previous several years will be necessary to accomplish this project. Evaluations are being done to determine the best equipment and processes to use. The request-for-proposal will be processed in early February, 1999 with the new provider of services beginning in July, 1999. These providers and the new costs of services will continue into FY 2000.

Performance Measures The major activity of this budget item is telephone calls.

Number of Calls Completed	
FY 1996	471,421
FY 1997	456,790
FY 1998	501,236
FY 1999 (Projected)	514,400

3.5 Programs: Public Service Commission - Universal Public Telecommunications Service Support Fund

Recommendation The Analyst recommends funding of \$5,500,100. The funding comes from the Trust Fund and the Beginning Nonlapsing Balances. Revenues for the Trust Fund are from fees collected from telecommunications companies.

Financial Summary

	FY 1998	FY 1999	FY 2000	
Financing	Actual	Estimated	Analyst	Difference
Beginning Nonlapsing	3,029,500	4,480,600	5,124,700	644,100
Closing Nonlapsing	(4,480,600)	(5,124,700)	(5,755,700)	(631,000)
Trust Fund	6,762,000	6,014,100	6,131,100	117,000
Total	\$5,310,900	\$5,370,000	\$5,500,100	\$130,100
% Change		1.1%	2.4%	
Expenditures				
Other/Pass-Through	\$5,310,900	\$5,370,000	\$5,500,100	\$130,100
Total	\$5,310,900	\$5,370,000	\$5,500,100	\$130,100
% Change		1.1%	2.4%	

Summary The new funding mechanism for the Universal Public Telecommunications Service Support Fund (previously the Universal Service Trust Fund) account is a one percent surcharge of intra-state retail revenue. This charge was put in place in June, 1998 for the affected companies to reflect it in their billing. It is intended to subsidize eligible telephone exchange customers whose costs are much higher to operate than the State-wide average for providing local exchange and switched access service.

Fund Conversion The Universal Service Trust Fund must be dissolved by December 31, 1999 by the Public Service Commission. At that time, any remaining money in the Trust Fund will be transferred to the Universal Public Telecommunications Service Support Fund established in Utah Code 54-8b-15. It, too, will be to “preserve and promote universal telephone service within the State by ensuring that customers have access to affordable basic telephone service.

Lifeline Telecommunications Service Fund The Public Service Commission has separated the Lifeline Telecommunications Service Fund from the Universal Public Telecommunications Service Support Fund. Funds have been collected for the last several years. It is paid for by a \$.10 surcharge per month per non-lifeline telephone access line. Recent changes have impacted more telephone companies requiring them to pay. The individual telephone companies collect the money and send it to the Public Service Commission. The additional participation has increased revenue to the fund. The purpose of the fund is to assist low income individuals who qualify to have basic telephone service at a lower rate. The statutory reference is Utah Code 54-8b-15(7)(a).

Lifeline Telecommunications Service Fund	
	FY 2000
One-Time Funding	Analyst
Dedicated Credit Revenue	\$400,000
Expenditures	
Other/Pass Thru	\$400,000
Total	\$400,000

Performance Measures Currently the subsidized lines are provided by nine rural telephone companies. This is an effort to provide low cost basic telephone service throughout the State.

Number of Lines Subsidized	
FY 1996	30,000
FY 1997	37,600
FY 1998	38,300
FY 1999 (Projected)	39,700

4.0 Tables: Public Service Commission

	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
Programs	Actual	Actual	Actual	Estimated	Analyst
Administration	\$1,124,000	\$1,179,400	\$1,249,400	\$1,330,700	\$1,381,700
Research and Analysis	57,800	50,800	39,100	60,000	60,000
Building Rent	26,300	26,300	26,200	26,300	26,300
Hearing Impaired	967,200	1,552,700	1,372,200	2,980,200	4,230,200
Univl Public Tele. Srvc Spt Fnd	4,406,000	4,385,600	5,310,900	5,370,000	5,500,100
Lifeline Telecom. Service Fund					400,000
Total	\$6,581,300	\$7,194,800	\$7,997,800	\$9,767,200	\$11,598,300
% Change		9.3%	11.2%	22.1%	18.7%

	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
Financing	Actual	Actual	Actual	Estimated	Analyst
General Fund	\$1,209,000	\$1,282,000	\$1,310,800	\$1,355,800	\$1,356,800
GFR - Commerce Service Fund					
Dedicated Credits	1,846,100	2,221,100	2,299,300	3,297,300	3,697,300
Trust Funds	4,660,100	4,963,800	6,762,000	6,014,100	6,131,100
Beginning Nonlapsing	600,600	1,599,700	5,186,400	7,523,700	8,423,700
Closing Nonlapsing	(1,599,700)	(2,787,900)	(7,523,700)	(8,423,700)	(8,010,600)
Lapsing	(134,800)	(83,900)	(37,000)		
Total	\$6,581,300	\$7,194,800	\$7,997,800	\$9,767,200	\$11,598,300
% Change		9.3%	11.2%	22.1%	18.7%

	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
Expenditures	Actual	Actual	Actual	Estimated	Analyst
Personal Services	\$991,100	\$999,400	\$1,073,800	\$1,158,500	\$1,218,500
Travel	16,100	18,100	21,000	21,000	21,000
Current Expense	1,137,500	1,701,800	1,532,100	3,148,100	4,399,100
Data Processing	30,600	66,700	49,600	49,600	49,600
DP Capital				10,000	10,000
Capital Outlay		23,200	10,400	10,000	
Pass-Through	4,406,000	4,385,600	5,310,900	5,370,000	5,900,100
Total	\$6,581,300	\$7,194,800	\$7,997,800	\$9,767,200	\$11,598,300
% Change		9.3%	11.2%	22.1%	18.7%
Standard FTE	16.00	16.00	16.00	16.00	16.00